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FINANCING A SCHOOL SYSTEM¹

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In facing the problems of school finance one must keep in mind that there are many angles from which to consider them. Theoretically, there is but one consideration—What is best for the public-school children in the system of schools concerned? Practically, a superintendent is compelled to shape his course of action in the light of existing school laws and charters, community sentiment, the attitude of his board of education, and, finally, his own vision as to the relative importance of the various types of school organization and the various features of it, including buildings, grounds, teachers, equipment, courses of study, schoolroom and janitors' supplies, etc. These four factors we may consider in the order named, for the school official must necessarily face them in this order, as a few illustrations will easily show.

Regarding the first of these factors, the school law in relation to the problem—the raising of school revenue is a matter controlled by state law in most states of the Union, though in some states, as in Illinois, certain school districts may operate under special charters granted by legislative enactment conferring privileges or imposing restrictions not applicable to the rest of the state. In any given city a superintendent will usually have to face the fact that there is a legal limit to the amount of money that may be raised for school purposes, and that there is a further legal provision concerning the division of the total available school revenue into the two large funds, known as educational and building, each existing for a distinct and specified purpose which must be respected. In Illinois, e.g., the legal limit for school revenues was for a great many years 3 per cent on the assessed valuation of the district, this amount to be divided equally between the educational and the building funds. In other words, $1\frac{1}{2}$ per cent was the legal limit of the levy for either fund, and if it should happen that the educational fund needed 2 per cent while the building fund was

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adequate when only 1 per cent was levied, such a partition was not possible under the law.

The handicap upon the finances of our schools in Illinois has been increasing greatly for a number of years, but the decreased purchasing power of a dollar which has come with the War, resulted in little less than a crisis in school finances here as elsewhere. Levies that were too small five years ago became more hopelessly inadequate as the years went on. At last it became apparent that relief must be sought through legislation. Two years ago a bill was introduced and passed by the legislature authorizing school districts, after a favorable local referendum vote, to increase their levy for the educational fund, but the measure was vetoed by the governor, and the financial situation of the schools continued to grow worse.

The past two years have served to crystallize public sentiment favoring more money for the schools. The leaders in Illinois in the creation of such sentiment have been the Illinois City Superintendents' Association, the Illinois State School Board Association, and the Illinois State Teachers' Association.

As would be expected, the nation-wide demand for better salaries for teachers had a helpful reflex influence upon the efforts of these and other organizations to secure larger school revenues, but even so, there was much to do to secure needed legislative relief. The story of this campaign would require an hour itself, if told in any detail. The outline of it, therefore, is all that can be touched upon at this time.

First, a bill had to be carefully drawn, embodying the provisions for increased levies for which the whole state was crying out. This duty was entrusted to a committee of three, representing the State School Board Association and the City Superintendents' Association. The committee included two lawyers and one superintendent. The lawyers were to supply the legal terminology and the superintendent to furnish the data needed for publicity and campaign purposes.

A pamphlet was prepared, printed, and sent out over the state to the number of ten thousand (10,000), telling of the crisis school finances had reached, and urging support of the bill just drawn up, a copy of which was made a part of the pamphlet. This was sent to the governor, members of the legislature, editors, associations of

commerce, rotary clubs, city and county superintendents, and numerous other organizations, bodies, and individuals.

With the secretary of the Illinois State Teachers' Association and the legislative committee of the same organization to follow up the bill after its introduction, the legislature was never permitted to forget the urgent need of the schools which this bill was designed to remedy. Literally thousands of letters and telegrams were sent to members of both houses and to the governor, some from every county in the state, I think. The teachers and school officials of the state were never more united and never in greater earnest about anything they ever undertook. The governor's prompt signing of the bill gave the state a school law which increases the local revenue-raising power of its school districts by $33\frac{1}{3}$ per cent, and in many of them makes it possible to double the educational fund out of which teachers' salaries are paid. So great was the schools' need of this measure of relief that State Superintendent Blair was probably right in calling this the most important single school law enacted in Illinois since 1855.

The significance of this measure may be the more easily understood by a brief reference to its application to the schools in Decatur. There the equalized assessed valuation of property upon which school and other taxes may be levied is approximately \$12,000,000. Our school levy next year, increasing from 3 to 4 per cent, will increase our income derived by local taxation from \$360,000 to \$480,000, a gain of \$120,000. Those of you who may have tried to make bricks without straw, which being translated into pedagogical terms, means trying to make or keep a school system efficient with funds that do not make possible an adequate supervisory and teaching staff, will better appreciate what this means. Teachers who teach for a starvation wage in districts that would pay more but cannot legally raise the money with which to do it, will also understand it, I'm sure.

Important as this law is, another law just passed in Illinois deserves attention because of its bearing upon school finances. I refer to the law which increases the state distributable fund from \$4,000,000 to \$6,000,000, an increase of just 50 per cent. The State Teachers' Association passed a resolution in December favoring a \$10,000,000 state distributable fund, and through its legislative committee worked for months for such a law. It was gratify-

ing to its committee to find or to create a considerable sentiment in both houses of the assembly favorable to such a fund, but the odds were against it, and only \$6,000,000 was secured at the recent session. Even this amount, however, will tend to equalize the burden of taxation for the public schools in the several parts of the state. How great the need for such an equalization will appear from an illustration. In Macoupin County are two districts but three miles apart. It just happens that the children and the assessed valuation of property in these two districts are in such extremely inverse ratio that in 1915 the one district had to levy \$5.79 upon every \$100 of assessed valuation of property, while in the other the property was taxed but 13 cents for school purposes. In other words, the burden of local taxes was forty-four times as great in the one district as in the other. It is the presence of such situations as this that justifies the cry for a large state distributable fund, whereby all the wealth of the state, wherever found, may help to educate all the children of the state, wherever they may be found. There is a growing recognition of the principle, indeed, that public education is not merely a local concern but a state responsibility, while the events of the past four or five years especially have convinced many thoughtful people that it is almost equally a national obligation, having even an international significance.

In Illinois the annual cost of the public schools is now more than \$50,000,000. The \$4,000,000 of this which has been raised by a state-wide tax is thus seen to be but about 8 per cent of the total amount required. It is true that there are some states which raise an even smaller percentage than this, but the forty-eight states of the Union raise in the aggregate by state taxes about 15 per cent of all that they expend upon their public schools, while each of at least seven states raises more than 40 per cent of their total school funds by this means. If Illinois were to raise through state taxes a percentage of its total budget comparable with that similarly raised by New Jersey, for example, it would have a state distributable fund of \$23,000,000 instead of the \$6,000,000 we shall have next year.

But the 50 per cent increase just secured will mean for Decatur more than \$11,000 more from the state fund—enough, indeed, to add fifty dollars (\$50) to the salary of every teacher in the system.

Thus far I have spoken only of the legislative aspect of our problem. As stated at the outset, this is not infrequently the most fundamental and important phase of the problem. It is and has long been so in Illinois, and not less so in many other states, I'm persuaded.

The second consideration is more local. It is a question of community sentiment. Some communities could do more for their schools but will not. The problem then is one of changing public sentiment. It is a matter of educating the public, and it calls for leadership, for courage, for tact, and often for persistence, patience, and dogged determination. One of the most important functions of the superintendent in many cities is that of arousing his patrons and the tax-payers to an appreciation of the fact that the schools are inefficient because not financially supported—that they are cheap because they cost so little. Sometimes it is a matter of leading the community to see the need of more money for buildings; again it may be for equipment, for teachers' salaries, for supervision, or for still other aspects of school work. With respect to any one of these items the community may be wholly satisfied and deal with it in a niggardly fashion, even while making generous provisions for the schools in other respects.

Various means have been successfully employed in educating communities to a sense of the financial needs of the schools. They all involve comparisons, however, and statistical evidence concerning the money expended elsewhere and the results accomplished thereby. The school survey conducted by outside experts has been most effectively used in a number of cities for this purpose. When outside and wholly disinterested investigators come into a school system, and after an examination of conditions as found, report too little money spent upon the schools as a whole, or too much or too little upon some particular phase of them, the superintendent has the sort of backing and moral support that he may require to bring conviction to the community. Such a survey enabled the school authorities in St. Louis to float a big bond issue for the erection of new buildings. It helped Baltimore to loosen up and give more liberal support to its schools at numerous points. It revealed the limitations in Alton's schools to an extent that made an almost complete reorganization under capable leadership a possibility within a single year. It made it easier for Springfield

to do a number of things which the community, unaided, would hardly have sanctioned.

In Decatur, we have profited largely by the surveys made in other cities. We found a good deal of complacency upon the part of the public with reference to its schools.

Year after year the legal maximum was levied and expended, and the public was disposed to say that if this did not result in good schools, the failure must be due to bad management upon the part of the school administrators. Complaints from school officials that more money was needed to keep the schools abreast of the times—to keep them from deteriorating—were scarcely heeded at all. In fact, the public seemed to resent the complaints and the requests for more money and to assume that the fault was with the superintendent or the board if good schools could not be maintained upon the income theirs had.

Finally, the superintendent began a study of the published reports of the several surveys that had been made. Valuable statistical information concerning the per capita cost of elementary schools and of high schools in fifty or sixty cities was obtained and the facts tabulated and charted. Administrative, operative, instructional, and maintenance costs in these cities, and still others, were likewise learned and reduced to tables and charts. Various subdivisions of these separate items were studied and corresponding items in Decatur's expenditures were compared with them. With all the facts at hand the superintendent presented various phases of them through the local papers week after week. He used them as texts in addressing the Board of Education, the mothers' clubs, the Association of Commerce, Rotary Club, Woman's Club, and still other civic bodies. At last the truth began to dawn upon the people. Decatur was not spending too much for its schools. It was not spending enough—was below the average and below the median of all the cities studied in the per capita cost of its schools. It ranked among the cities in the lower third of the group as classified upon a per capita cost basis. The facts could not be denied. The people had to admit them. The comparative size of classes in the elementary schools and in the high school, the salaries paid to teachers, the cost of supervisors, of operation, the per capita cost, all pointed to the same conclusion—the board was spending all the money it could raise, but could not raise all its schools really

required to keep them up to a reasonable level of efficiency. The public was fair enough to grant that its board of education could not and should not be expected to maintain for \$4.00 such an educational unit as an average city spent \$5.00 to secure.

This admission from the people was not secured overnight. The campaign of education here very briefly related was really kept up for three or four years. It had to be kept up to get results. Much of that period was very discouraging. It seemed that no impression was being made. Our writing and speaking, our pleas and requests and criticisms seemed alike unavailing. There was simply no reaction to them, save for the editorial support regularly given by the *Decatur Herald*. It sometimes seemed that our writing and speaking were merely tolerated as the criticisms and requests of an irresponsible but harmless child might have been. But seed was being sown which did spring up in due season, and a harvest of votes in behalf of the schools as surely resulted from it. Perhaps the community was ready to respond favorably even much earlier than it did, and merely awaited an occasion for taking a stand.

The first occasion it had, came with the proposal to discontinue the work of three ungraded rooms, the importance of whose work the public had been led to appreciate. Their discontinuance was but part of a policy of retrenchment that would enable the schools to live within their income. It was announced that since it cost at least \$1,500 more to teach the forty-five children in these three rooms than it would cost to absorb them in the regular schoolrooms, they would have to go until revenues could be increased.

First, the mothers' clubs were aroused, and offered to give from their treasuries \$500 for the purpose, if the Board of Education would keep the ungraded rooms. But this still involved an apparently unwarranted outlay of \$1,000. The board was therefore obdurate. Then the mothers appealed to the Rotary Club for help. The club listened to the appeal and then referred the matter to its "public affairs" committee. This committee reported favorably to the club. But its members were, of course, not very familiar with the work of ungraded rooms. The superintendent of schools, himself a Rotarian, was very naturally called upon to enlighten the club concerning the matter at once. At the conclusion of his talk, a brief but pointed one, a member moved that the club pledge the \$1,000 needed for the maintenance of the ungraded

rooms, remarking that "if these rooms are as helpful in their work as the superintendent says they are, this club would better go out of business if it can't raise \$1,000 to save them." The vote was then taken unanimously favoring the pledge, and the rooms were saved. But the pledge and its redemption, saving the ungraded rooms, were not the best fruits of that incident. One hundred and twenty representative business and professional men of the city, the leaders of the city in every civic enterprise, were interested in the schools, and committed to their improvement. This means much more than the gift of \$1,000.

Some two years later, a second test came when the board voted to erect two new buildings, one a junior high school, requiring a bond issue of \$225,000, the largest single issue in the history of its schools. A special election was necessary to get the people's consent for the bond issue. Not being able to be present at the last meeting of the Rotary Club before this election, I wrote an appeal to the club calling for their support of the bond issue, and showing its significance to the schools of the city. A resolution followed pledging the help of the club in putting across the bond issue, and election day found dozens of Rotarian autos out carrying the voters to the polls to redeem the pledge. The size of the majority of votes favoring the bond issue was one more evidence of the fact that the community had been educated to the point for which we had so long worked, sometimes almost despairingly.

But the final evidence was not all in until this spring, after the law was passed authorizing boards of education to increase their school levies from 3 to 4 per cent, provided the people should favor it in a referendum vote. Once more a special election was held. There was but one proposition to vote upon—Shall the Board of Education be authorized to increase its levy for the educational fund from 2 to $2\frac{1}{2}$ per cent? It had already announced that it would increase the building fund by an equal amount. City taxes, county, road and bridge taxes, income taxes, all were going up. It was an opportune time to defeat the school tax increase, but when the votes were counted, the largest vote that had ever been polled at a school election in the district, it was found that for every ballot cast in opposition to the increase, there were nine cast in favor of it. The ratio, while not quite so good as the sixteen to one made famous by Bryan, was just as good for all practical purposes, and proved

that the people were ready to finance their schools to the new legal limit.

I realize that equally long and vigorous efforts to change public sentiment may not be equally successful in some communities. There are political and financial interests entrenched in some cities so formidably that the situation is all but hopeless. In serving as chairman of the Legislative Committee of the Illinois State Teachers Association during the recent session of the legislature, I made some fifteen trips to Springfield, and learned not only some of the secrets of legislation, but also some of the machinations of big corporate interests in blocking desirable legislation, even for schools. Perhaps there will yet be salvation for Chicago and New York and some of the other largest cities, but the day of salvation seems afar off.

The problem of finance, furthermore, involves the attitude of the board. This is a factor to be reckoned with very seriously in some communities, but in others it may be of slight consequence. There is an increasing tendency for boards of education to carry out the recommendations of the superintendent, and to look upon him as an expert who must not only know what the schools ought to have but also know it in relation to costs, sources of income, total budget, etc. Of course, the board must fix the rate of levy, issue bonds when they are required, and pay the bills that are allowed and the salaries due under contract. But if the board is made up of men who have vision, integrity, and confidence in the leadership of their superintendent, it is not likely to be a very serious factor in framing a financial policy for the schools. This, of course, does not mean that the board is to be a sort of rubber stamp for the superintendent. It must adopt a policy and be responsible for it to the people, but if the superintendent is functioning as he ought to function, he will formulate most of the policies of the schools and be prepared to show why the board should adopt them.

As a matter of fact, it is possible to find every conceivable practice upon the part of boards, from unquestioned ratification of the recommendations of the superintendent with reference to organization of the schools, courses of study, textbooks and supplies, salaries of teachers, buildings and equipment, to the opposite extreme in which the initiative is taken by the board or some one of its members in nearly every one of these matters.

But there remains the question of finance from the standpoint of the superintendent. He must think of everything he proposes,

not only in terms of its educational value, but also in terms of its cost as well. Kindergartens for the elementary schools and a highly differentiated manual arts curriculum for the high school may easily be justified educationally, but be impossible, or at least unwise, because of their cost. Certainly an elementary-school room of thirty-five pupils, and a high-school class of twenty in English are educationally preferable to a room of forty-five and a class of thirty respectively. But it may be necessary for financial reasons to deal with the larger numbers in spite of the educational handicap imposed thereby.

During the years we were struggling to maintain decent educational standards in our own schools with the limited funds available, some enthusiastic but ill-informed admirer of the Gary schools suggested that we modify our organization after the fashion of the Gary system, as a means of retrenchment without educational loss. Why not? Were not these schools the envy and the despair of less conspicuous men and systems everywhere? But just about that time we had the first authoritative statement of costs in the Gary system, and we were able to show that aside from the initial cost involved in providing ourselves with auditoriums, gymnasiums, playgrounds, shops, and equipment making that modification possible, and assuming that it is desirable, we should need to increase our educational fund some \$125,000 per year to finance it. Obviously our relief had to be sought in other directions.

There is an increasing tendency today towards the preparation of carefully prepared budgets of school needs, to be approved by the Board of Education, and used by it as the basis for its annual levy upon the property valuation of the district in raising school funds for the year. This budget can at best be but an estimate, of course, but when it is made with thoughtful care, based upon careful records of previous experience, and in the light of such evidence as school officials may have of city growth, increase in enrollment, advance in the cost of materials, desirable expansion of the system or richer educational opportunities to be offered, it may be made with a considerable degree of accuracy. Its making in this fashion certainly adds to the peace of mind of school officials charged with the financial administration of the school, and inspires confidence in them at the hands of citizens and tax-payers generally.

In the making of a budget one needs to be guided not alone by past experience and probable growth in one's own system, but by

available records of other systems as well. Applicable to the larger school systems one may find a wealth of statistical material in volume IV of the published survey of the St. Louis Public Schools. This financial survey, made by Dr. Rugg, of the University of Chicago, treats in illuminating detail public-school costs in St. Louis, and is instructive for students of the problem in any city.

More useful to smaller cities is Deffenbaugh's *School Administration in the Smaller Cities*, Bulletin No. 44, published by the Bureau of Education in 1915, and Spaulding's *Financing the Minneapolis Schools*, issued in 1916, to say nothing of the report of the Newton Public Schools, issued by the same superintendent in 1913—an epoch-making report in this field.

As an example of the profitable use which one may make of published data concerning school finances and costs in other cities, I may cite an experience of our own.

I had before me figures telling the percentage of our school expenses for the year just ended going for operation, and for the various subdivisions of this item, e.g., light and power, fuel, water, janitors, etc. I was comparing these percentages with the percentages of corresponding items in the average of thirty or forty other cities from which I had the data. As a result I noticed that the ratio of our expenditure for light and power to our total disbursements from the educational fund was practically twice as high as that in the average of the cities studied. I wondered why it should be so, and resolved to find out. Upon investigation I learned that for years light and power had been furnished by a public service corporation and charged for as if each separate school in our system were a separate consumer. As a matter of fact the sixteen schools in the system constitute one consumer, and the total amount consumed by the public schools entitled them to a rate about half as high as each separate school had been charged. An adjustment of rates was asked for, and granted, with a generous rebate for past overcharges. This means for a period of years a saving of thousands of dollars, although the difference between .6 of 1 per cent and .3 of 1 per cent looked inconsequential enough at first glance.

This is but a trifling illustration of a check upon one item of school expenditure made possible by having and using a statistical measuring stick. One is not always justified in being governed by averages and medians and prevailing practices. There may be

excellent reasons in a given case for expending for a specific purpose a percentage of the total budget not sanctioned by averages for that item in other cities. But the school administrator who compares the ratio of the per capita cost for his elementary- and high-school instruction with corresponding ratios in other schools, who knows what he is spending for supervision, for teachers' salaries, for janitor service, for other operating expenses, for supplementary readers, manual training, art supplies, business administration, or other activities, in relation to similar items of cost in other schools of the same general class—such an official is likely to command the confidence and the support of his constituents first of all. He is likely to deal more wisely than he otherwise could with the numerous phases of his complicated problem, and, finally, he will preserve his own sanity longer, and add to his administrative usefulness to a degree that he could not do by standing alone.

Recapitulating, financing a school system, whether of a city large or small, involves adjustments that cannot be made intelligently except as one keeps in mind school law, local community sentiment, the vision or the myopia of the Board of Education, and, finally, the best practices of other schools whose records are available.